



U.S. Department of  
Transportation  
Office of the Secretary  
of Transportation  
Office of Inspector General

# Memorandum

Subject: **INFORMATION:** Audit Announcement –  
Improper Payments in the Airport Improvement  
Program, Project Number: 08F3008F000

Date: June 12, 2008

From: Rebecca C. Leng *Rebecca Leng*  
Assistant Inspector General for Financial  
and Information Technology Audits

Reply to  
Attn. of: JA-20

To: Associate Administrator for Airports, FAA

The Office of Inspector General plans to conduct an audit of Improper Payments in the Federal Aviation Administration (FAA) Airport Improvement Program (AIP). Annually, federal agencies are required to report on the amount of improper payments in their programs under the Improper Payments Information Act of 2002. The elimination of improper payments has been a major focus of the President's Management Agenda since 2005.

The Office of Management and Budget (OMB) Circular A-123, Appendix C also holds agencies accountable for reducing improper payments in their programs. OMB estimates that 3.5 percent of payments made Government-wide were improper. An improper payment is any payment that should not have been made, or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. This also includes any payment that was made to an ineligible recipient or for an ineligible service, duplicate payments, and payments for services not received.

Our audit objective will be to evaluate whether FAA had adequate internal controls to prevent and detect improper payments to AIP grant recipients. In carrying out this audit, we will test a statistical sample of AIP payments made between June 2007 and May 2008.

We plan to begin the audit during the week of June 16, 2008. We will conduct the audit at FAA Headquarters, Regional Offices, Airport District Offices, and at AIP

grantee locations. We will contact your audit liaison to schedule an entrance conference to discuss the planned audit. The Program Director for this audit is Earl Hedges; the Project Manager is Mark Rielly. They will be assisted by the OIG statistician, Petra Swartzlander. Should you have any questions, please call me at (202) 366-1407 or contact Earl Hedges at 410-962-3612.

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cc: Acting Deputy Federal Aviation Administrator  
Assistant Administrator for Financial Services/Chief Financial Officer, FAA  
Martin Gertel, M-1  
Anthony Williams, ABU-100